



Corporate Services Committee Agenda

Thursday, February 1, 2018
Council Chambers
County Administration Centre, Walkerton

1. Declaration of Pecuniary Interest
2. Action Items
3. Information Items
 - A. Financial Indicator Review
 - B. 2018 Property Assessment, Notional Tax Rate and 2018 Tax Rates
4. Next Meeting

March 1, 2018
5. Adjournment



Committee Report

To: Warden Paul Eagleson
Members of the Corporate Services Committee

From: Bettyanne Cobean, C.M.O.
Director of Corporate Services

Date: February 1, 2018

Re: Financial Indicator Review Report

Recommendation:

The Financial Indicator Review Report is for information.

Background:

Annually the Ministry of Municipal Affairs and Housing prepare and release the Financial Indicator Review based on the prior years' Financial Information Return (FIR). Attached is the County of Bruce Financial Indicator Review based on the 2016 Financial Information Return. It is important to note that in all sustainability indicators, the County's level of challenge is rated low.

Financial/Staffing/Legal/IT Considerations:

There are no financial, staffing, legal or ITS considerations associated with this report.

Interdepartmental Consultation:

This report will be shared with the Senior Management Team.

Link to Strategic Goals and Elements:

Goal # 6- Explore alternate options to improve efficiency and service.

Element # B - Develop system for measuring our processes and their successful desired outcome.

Approved by:

Kelley Coulter
Chief Administrative Officer

FINANCIAL INDICATOR REVIEW

(Based on 2016 Financial Information Return)

Bruce Co

Date Prepared:	20-Nov-17	2016 Households:	36,620	Median Household Income:	71,193
MSO Office:	Western	2016 Population:	61,119	Taxable Residential Assessment as a	
Prepared By:	Spencer Sandor	2017 MFCI Index:	n/a	% of Total Taxable Assessment:	85.2%
Tier	UT			Own Purpose Taxation:	42,289,469

SUSTAINABILITY INDICATORS

Indicator	Ranges		Actuals	South - UT - Counties		Level of Challenge
				Median	Average	
Total Taxes Receivable less Allowance for Uncollectibles as a % of Total Taxes Levied	Low: < 10% Mod: 10% to 15% High: > 15%	2012	0.0%	0.0%	0.0%	LOW
		2013	0.0%	0.0%	0.0%	LOW
		2014	0.0%	0.0%	0.0%	LOW
		2015	0.0%	0.0%	0.0%	LOW
		2016	0.0%	0.0%	0.0%	LOW
		Net Financial Assets or Net Debt as a % of Own Purpose Taxation Plus User Fees	Low: > -50% Mod: -50% to -100% High: < -100%	2012	-36.0%	23.4%
2013	-26.7%			20.2%	16.3%	LOW
2014	-27.9%			19.4%	17.3%	LOW
2015	-19.3%			26.7%	20.5%	LOW
2016	-11.7%			28.2%	23.6%	LOW
Total Reserves and Discretionary Reserve Funds as a % of Operating Expenses	Low: > 20% Mod: 10% to 20% High: < 10%			2012	28.5%	27.5%
		2013	28.6%	24.6%	33.2%	LOW
		2014	27.7%	26.5%	33.3%	LOW
		2015	28.1%	26.5%	34.5%	LOW
		2016	29.0%	29.7%	35.9%	LOW
		Total Cash and Cash Equivalents as a % of Current Liabilities	Low: > 5% Mod: 0% to 5% High: < 0%	2012	363.8%	244.0%
2013	310.7%			248.7%	317.5%	LOW
2014	286.7%			257.3%	323.9%	LOW
2015	320.8%			316.1%	321.6%	LOW
2016	288.4%			257.0%	280.5%	LOW

FLEXIBILITY INDICATORS

Debt Servicing Cost as a % of Total Operating Revenue	Low: < 5% Mod: 5% to 10% High: >10%	2012	4.9%	2.1%	2.1%	LOW
		2013	4.7%	2.1%	2.0%	LOW
		2014	4.6%	2.0%	1.9%	LOW
		2015	4.6%	1.8%	1.8%	LOW
		2016	4.4%	1.8%	1.8%	LOW
		Asset Consumption Ratio	Low: < 50% Mod: 50% to 75% High: > 75%	2012	36.3%	42.3%
2013	38.4%			43.0%	46.7%	LOW
2014	40.1%			44.0%	47.5%	LOW
2015	41.7%			45.2%	48.6%	LOW
2016	42.3%			46.5%	49.2%	LOW
Operating Surplus Ratio	Low: >= 0% Mod: 0% to -30% High: < -30%			2012	7.0%	6.5%
		2013	5.9%	9.1%	9.9%	LOW
		2014	5.6%	6.8%	7.2%	LOW
		2015	9.3%	8.6%	8.0%	LOW
		2016	8.3%	11.3%	10.3%	LOW

 The data and information contained in this document is for informational purposes only. It is not an opinion about a municipality and is not intended to be used on its own - it should be used in conjunction with other financial information and resources available. It may be used, for example, to support a variety of strategic and policy discussions.

Financial Information Returns ("FIRs") are a standard set of year-end reports submitted by municipalities to the Province which capture certain financial information. On an annual basis, Ministry staff prepare certain financial indicators for each municipality, based on the information contained in the FIRs. It is important to remember that these financial indicators provide a snapshot at a particular moment in time and should not be considered in isolation, but supported with other relevant information sources. In keeping with our Financial Information Return review process and follow-up, Ministry staff may routinely contact and discuss this information with municipal officials.

Supplementary Indicators of Sustainability and Flexibility

The following is a summary, adapted from the Chartered Professional Accountants of Canada Statement of Recommended Practice (SORP) 4.

- A government (including a municipality) may choose to report supplementary information on financial condition, to expand on and help explain the government's financial statements.
- Supplementary assessment of a government's financial condition needs to consider the elements of sustainability and flexibility.
- Sustainability in this context may be seen as the degree to which a municipality can maintain its existing financial obligations both in respect of its service commitments to the public and financial commitments to creditors, employees and others without inappropriately increasing the debt or tax burden relative to the economy within which it operates.
- Sustainability is an important element to include in an assessment of financial condition because it may help to describe a government's ability to manage its financial and service commitments and debt burden. It may also help to describe the impact that the level of debt could have on service provision.
- Flexibility is the degree to which a government can change its debt or tax level on the economy within which it operates to meet its existing financial obligations both in respect of its service commitments to the public and financial commitments to creditors, employees and others.
- Flexibility provides insights into how a government manages its finances. Increasing taxation or user fees may reduce a municipality's flexibility to respond when adverse circumstances develop if the municipality approaches the limit that citizens and businesses are willing to bear.
A government that increases its current borrowing reduces its future flexibility to respond when adverse economic circumstances develop.
- For each element of financial condition, the report on indicators of financial condition should include municipality-specific indicators and municipality-related indicators. It may be useful to also include economy-wide information when discussing financial condition.

Additional Notes on what Financial Indicators may indicate:

Total Taxes Receivable less Allowance for Uncollectibles as a % of Total Taxes Levied - *How much of the taxes billed are not collected.*

Net Financial Assets or Net Debt as a % of Own Purpose Taxation Plus User Fees - *How much tax and fee revenue is servicing debt?*

Reserves and Reserve Funds as a % of Operating Expenses - *How much money is set aside for future needs / contingencies?*

Cash and Cash Equivalents as a % of Current Liabilities - *Measures the ability of the municipality to meet its current obligations with its current resources on hand.*

Debt Servicing Cost as a % of Total Operating Revenue - *Indicates the extent to which past borrowing decisions may impact the current budget.*

Asset Consumption Ratio - *measures the age of a municipality's physical assets. It measures the extent to which depreciable assets have been consumed by comparing the amount of the assets that have been used up and their cost.*

Operating Surplus Ratio - *Indicates the municipality's ability to cover its operational costs and have funds available for other purposes (i.e. reserves, debt repayment, etc.)*

The Northern and Rural Municipal Fiscal Circumstances Index (MFCI) *is used by the Ministry of Finance to calculate the "Northern and Rural Fiscal Circumstances Grant" aimed at northern as well as single and lower-tier rural municipalities. The index measures a municipality's fiscal circumstances. The MFCI is determined by six indicators: Weighted Assessment per Household, Median Household Income, Average Annual Change in Assessment (New Construction), Employment Rate, Ratio of Working Age to Dependent Population, and Per Cent of Population Above Low-Income Threshold. A lower MFCI corresponds to relatively positive fiscal circumstances, whereas a higher MFCI corresponds to more challenging fiscal circumstances. (Note: the MFCI index is only available for northern and rural municipalities)*



Committee Report

To: Warden Paul Eagleson
Members of the Corporate Services Committee

From: Bettyanne Cobean, C.M.O.
Director of Corporate Services

Date: February 1, 2018

Re: 2018 Property Assessment, Notional Tax Rate and
Tax Rates

Recommendation:

The 2018 Property Assessment, Notional Tax Rate and Tax Rates Report is for information.

Background:

Assessment

A province-wide assessment update took place in 2016 for the 2017 - 2020 property tax years. The information report presented to Committee on January 4, 2018 provided additional details related to the update and indicated that the detailed analysis of the 2018 taxable assessment and tax rates would be presented in February.

The report has been completed and is attached. The overall increase is 5.51% and includes estimated growth of 1.02%. The remainder is a result of the second year of the phased-in increases over the 4 years to reach the Current Value Assessment. The significant percentage increases in assessment for taxation purposes is to the Farmland class at 17.72%. While the percentage of Farmland related to overall assessment did increase significantly this year, the Farmland class combined with the other classes, including commercial and industrial, are minor compared to the \$9.7 billion in residential assessment. Residential assessment accounts for 72% of the total taxable assessment; however, that is a decrease from 74% in 2017 with the increase in Farmland assessment.

Farmland and Managed Forest accounts for just under 21% of the County's taxable assessment which is an increase of 2% over 2017 totals. These numbers are also illustrated in the attached analysis.



BRUCE county

Notional Tax Rate

The Notional Tax Rate, ie. the residential tax rate for 2018 assuming the same levy requirement as 2017 applying the new assessment, reflects a residential tax rate of 3.4% less than the 2017 residential tax rate.

2017 Tax Rate- .00387743

2018 Notional - .00374689

\$387.74 per \$100,000 assessment compared to \$374.69 based on 2018 phased-in assessment and 2017 levy requirement.

2018 Tax Rates

Attached is a summary of the 2018 Tax Rates which are required to be adopted by by-law. The residential tax rate for 2018 reflects a tax rate of 0.2% less than the 2017 residential tax rate.

2017 Tax Rate- .00387743

2018 Tax Rate - .00386942

\$386.94 (2018) per \$100,000 assessment compared to \$387.74 (2017).

A copy of the draft bylaw to be introduced for adoption on March 1st is also attached.

Financial/Staffing/Legal/IT Considerations:

There is no staffing, legal or IT considerations associated with this report.

Interdepartmental Consultation:

None required.

Link to Strategic Goals and Elements:

None identified.

Approved by:

Kelley Coulter
Chief Administrative Officer

Municipality _____
 Certified Correct _____
 Date Certified _____

County of Bruce
2018 Assessment compared to 2017 Assessment for Taxation Purposes

January 15, 2018

		Total Residential	Total Multi-Residential	Commercial <small>Includes Shopping Centres</small>	Total Pipeline	Total Industrial	Total Farm	Managed Forests	TOTAL
MUNICIPALITY									
Municipality of Arran-Elderslie	2017	481,049,692	11,004,475	27,923,141	2,178,250	7,592,238	329,532,775	1,164,475	860,445,046
	2018	493,449,345	11,065,450	27,147,189	2,208,428	8,175,825	389,158,351	1,448,846	932,653,434
	% +/-	2.58%	0.55%	-2.78%	1.39%	7.69%	18.09%	24.42%	8.39%
Municipality of Brockton	2017	770,238,925	25,222,500	66,568,863	2,497,000	9,506,825	376,516,263	2,310,350	1,252,860,726
	2018	786,051,841	26,520,500	67,802,324	2,569,376	9,523,850	470,232,494	3,036,804	1,365,737,189
	% +/-	2.05%	5.15%	1.85%	2.90%	0.18%	24.89%	31.44%	9.01%
Township of Huron-Kinloss	2017	1,057,088,950	7,039,000	24,412,584	0	7,898,586	487,678,475	1,768,600	1,585,886,195
	2018	1,089,864,963	7,226,000	26,001,260	0	7,774,155	566,982,806	2,184,581	1,700,033,765
	% +/-	3.10%	2.66%	6.51%	0.00%	-1.58%	16.26%	23.52%	7.20%
Municipality of Kincardine	2017	1,436,144,750	17,226,425	232,224,175	0	106,137,425	421,622,700	2,963,800	2,216,319,275
	2018	1,469,884,746	20,059,098	243,284,570	0	108,577,595	495,808,635	3,543,047	2,341,157,691
	% +/-	2.35%	16.44%	4.76%	0.00%	2.30%	17.60%	19.54%	5.63%
Municipality of Northern Bruce Peninsula	2017	1,406,411,001	6,437,550	33,842,065	0	2,812,101	65,968,300	4,178,673	1,519,649,690
	2018	1,437,327,610	6,592,100	34,808,223	0	3,120,544	77,389,566	4,196,972	1,563,435,015
	% +/-	2.20%	2.40%	2.85%	0.00%	10.97%	17.31%	0.44%	2.88%
Town of Saugeen Shores	2017	2,244,339,914	40,083,058	145,220,619	4,890,000	2,548,037	89,218,319	2,283,063	2,528,583,010
	2018	2,319,122,250	41,364,963	147,370,165	4,995,000	2,568,158	102,137,564	2,892,730	2,620,450,830
	% +/-	3.33%	3.20%	1.48%	2.15%	0.79%	14.48%	26.70%	3.63%
Municipality of South Bruce	2017	395,908,264	5,543,750	18,252,450	2,950,250	5,638,286	515,007,825	785,050	944,085,875
	2018	410,572,966	5,639,500	18,554,050	3,000,268	5,716,122	588,513,898	871,700	1,032,868,504
	% +/-	3.70%	1.73%	1.65%	1.70%	1.38%	14.27%	11.04%	9.40%
Town of South Bruce Peninsula	2017	1,653,243,092	9,185,125	69,343,151	2,879,000	8,581,313	90,886,400	7,644,393	1,841,762,474
	2018	1,688,254,337	9,250,550	70,366,688	2,932,893	8,862,821	107,408,246	8,328,777	1,895,404,312
	% +/-	2.12%	0.71%	1.48%	1.87%	3.28%	18.18%	8.95%	2.91%
TOTALS	2017	9,444,424,588	121,741,883	617,787,048	15,394,500	150,714,811	2,376,431,057	23,098,404	12,749,592,291
	2018	9,694,528,058	127,718,161	635,334,469	15,705,965	154,319,070	2,797,631,560	26,503,457	13,451,740,740
	% +/-	2.65%	4.91%	2.84%	2.02%	2.39%	17.72%	14.74%	5.51%

**County of Bruce
2018 Tax Rate Summary**

2017 Levy	2018 Levy
\$43,421,391	\$44,841,399
Percentage Increase	3.27%

	Class 1 Tax Rate		Tax Ratio		Vacancy Factor			2018 Tax Rates	2017 Tax Rates	Variance	\$100K Assessment
1 -Residential and Farm	<u>0.00386942</u>	x	1.0000	x	100%	=	<u>0.00386942</u>	<u>0.00387743</u>	-0.00000801	-0.80	
-farmland awaiting development	<u>0.00386942</u>	x	1.0000	x	75%	=	<u>0.00290207</u>	<u>0.00290807</u>	-0.00000600	-0.60	
2 -Multi-Residential	<u>0.00386942</u>	x	1.0000	x	100%	=	<u>0.00386942</u>	<u>0.00387743</u>	-0.00000801	-0.80	
3 -Commercial	<u>0.00386942</u>	x	1.2331	x	100%	=	<u>0.00477138</u>	<u>0.00478126</u>	-0.00000988	-0.99	
-vacant bldg, excess land	<u>0.00386942</u>	x	1.2331	x	70%	=	<u>0.00333997</u>	<u>0.00334688</u>	-0.00000691	-0.69	
-vacant land	<u>0.00386942</u>	x	1.2331	x	70%	=	<u>0.00333997</u>	<u>0.00334688</u>	-0.00000691	-0.69	
4 -Industrial	<u>0.00386942</u>	x	1.7477	x	100%	=	<u>0.00676259</u>	<u>0.00677658</u>	-0.00001399	-1.40	
-vacant bldg, excess land	<u>0.00386942</u>	x	1.7477	x	65%	=	<u>0.00439568</u>	<u>0.00440478</u>	-0.00000910	-0.91	
-vacant land	<u>0.00386942</u>	x	1.7477	x	65%	=	<u>0.00439568</u>	<u>0.00440478</u>	-0.00000910	-0.91	
5 -Pipelines	<u>0.00386942</u>	x	1.0164	x	100%	=	<u>0.00393288</u>	<u>0.00394102</u>	-0.00000814	-0.81	
6 -Farmlands	<u>0.00386942</u>	x	0.2500	x	100%	=	<u>0.00096736</u>	<u>0.00096936</u>	-0.00000200	-0.20	
7 -Managed Forest	<u>0.00386942</u>	x	0.2500	x	100%	=	<u>0.00096736</u>	<u>0.00096936</u>	-0.00000200	-0.20	
8 Landfill	<u>0.00386942</u>	x	1.2331	x	100%	=	<u>0.00477138</u>	<u>0.00478126</u>	-0.00000988	-0.99	



The Corporation of the County of Bruce

By-law Number 2018 -

A by-law to adopt estimates, tax ratios and tax rates for the Year 2018

Section 308 (4) of the *Municipal Act, 2001*, as amended, provides that an upper-tier municipality shall pass a by-law in each year to establish the tax ratios for that year for the upper-tier municipality and its lower-tier municipalities.

On the adoption of the Minutes of the Corporate Services Committee dated November 2, 2017, Council approved the County of Bruce estimates of all sums required during 2018 for the purposes of the upper-tier municipality.

Section 311(2) of the *Municipal Act, 2001*, as amended provides that an upper-tier municipality shall pass a by-law directing each lower-tier municipality to levy a separate tax rate, as specified in the by-law, on the assessment in each property class in the lower-tier municipality rateable for upper-tier purposes.

The Council for the Corporation of the County of Bruce enacts By-law 2018 -

1. The 2018 estimates for County purposes are adopted in the amount of \$44,841,399.
2. The tax ratios established for the County of Bruce for the 2017 taxation year are as follows:

Residential	1.0000
Multi-Residential	1.0000
Commercial	1.2331
Landfill	1.2331
Industrial	1.7477
Pipeline	1.0164
Farm Lands	0.2500
Managed Forests	0.2500

The established tax ratios are to be utilized for both upper-tier and lower-tier purposes.

3. The tax rate reduction for:

- a) the vacant land and excess land subclasses in the commercial property class is 30%;
- b) the vacant land and excess land subclasses in the industrial property class is 35%;
- c) the first class of farmland awaiting development in the residential, multi-residential, commercial or industrial property classes is 25%;
- d) the second class of farmland awaiting development in the residential, multi-residential, commercial or industrial property classes is 0%.

4. The General County Tax Rate for 2018 to be applied to assessment in each municipality is as follows for each property class:

- a) Residential and Farm .00386942
- b) Farmland Awaiting Development .00290207 (75% of residential)
- c) Multi-Residential .00386942
- d) Commercial - occupied * .00477138
- e) Commercial - vacant building, excess land .00333997 (70% of commercial occupied)
- f) Commercial - vacant land .00333997 (70% of commercial occupied)
- g) Industrial - occupied .00676259
- h) Industrial - vacant building, excess land .00439568 (65% of industrial occupied)
- i) Industrial – vacant land .00439568 (65% of industrial occupied)
- j) Pipelines .00393288
- k) Farm Lands .00096736
- l) Managed Forests .00096736
- m) Landfill .00477138

* Includes Parking Lot GT

5. The estimated amounts to be raised in each local municipality are as follows:

Arran-Elderslie	\$ 2,522,016
Brockton	\$ 3,998,051
Huron-Kinloss	\$ 4,971,487
Kincardine	\$ 8,124,899
Northern Bruce Peninsula	\$ 5,852,010
Saugeen Shores	\$ 9,970,092
South Bruce	\$ 2,319,283
South Bruce Peninsula	\$ 7,083,560

6. The amounts raised by each local municipality shall be paid to the County in the following installments:

- a) 25 percent of the amount required for County purposes in the prior year, on or before the 30th day of March.
- b) 50 percent of the amount required for County purposes in the current year, on or before the 29th day of June, less the amount of the installment paid under a).
- c) 25 percent of such current amount on or before the 28th day of September.
- d) the balance of the entitlement for the year on or before the 14th day of December

That in the case of non-payment of any installment or portion thereof on the due dates, the municipality so in default shall pay to the County, interest thereon from the day of default to the date that the payment is made at the minimum lending rate of the majority of chartered banks on the day of default.

7. This by-law shall come into effect on the date it is passed by Council.

Passed this 1st day of March, 2018

Paul Eagleson
Warden

Donna Van Wyck
Clerk